

Message Text

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ACTION PM-07

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TAGS:

SUBJECT: AUSTRALIAN DEFENSE PROCUREMENT DECISION

REF: USDAO CANBERRA 060100Z APR 74

1. DEFENSE PROCUREMENT DECISION ANNOUNCED BY MINISTER FOR DEFENSE BARNARD APRIL 7 (REFTEL), INVOLVING PURCHASE OF TWO U.S. BUILT PATROL FRIGATES, 53 TANKS FOR ARMY, AND EIGHT LONG RANE MARITIME PATROL PLANES, HAS BEEN GENERALLY DESCRIBED AS POLITICALLY MOTIVATED. LIBERAL OPPOSITION SPOKESMAN ON DEFENSE, A. J. FORBES, SO DESCRIBED IT IN PARLIAMENT APRIL 8. EDITORIAL IN AUSTRALIAN FINANCIAL REVIEW APRIL 9 COMMENTS THAT QTE IT IS HARD TO LOOK AT MR. BARNARD'S DEFENSE SHOPPING LIST AS ANYTHING MORE THAN AN ATTEMPT TO DEFUSE DEFENSE PROCUREMENT AS AN ELECTION ISSUE. END QTE.

2. RAISING ANOTHER ISSUE, FRANK CRANSTON, DEFENSE COMMENTATOR FOR CANBERRA TIMES, WROTE IN HIS COLUMN OF APRIL 9 THAT ANTICIPATED COST OVERRUNS OF PATRO FRIGATES COULD WELL TURN THIS PURCHASE INTO THE KIND OF POLITICAL CONTROVERSY WHICH SURROUNDED PROCUREMENT OF F-111 FIGHTER-BOMBERS IN PAST FEW YEARS.

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3. COMMENT: DIFFERENCES BETWEEN LABOR GOVERNMENT AND LIBERAL OPPOSITION ON DEFENSE PROCUREMENT ARE NOT AS MARKED AS CURRENT STATEMENTS AND FUTURE COMMENTS DURING ELECTIONS CAMPAIGN MAY SUGGEST. FORMER LIBERAL-COUNTRY GOVERNMENT IN LAST YEAR IN OFFICE HAD SPENT ABOUT 3.5 PERCENT OF GNP ON DEFENSE. THIS FIGURE DECLINED TO ABOUT 2.9 PERCENT UNDER LABOR GOVERNMENT. B. A. SANTAMARIA, PRESIDNET OF NATIONAL CIVIC COUNCIL AND MENTOR OF DEMOCRATIC LABOR PARTY, TOLD EMBOFF IN MELBOURNE APRIL 1 HAT HE HAD BEEN INVITED BY LIVERAL LEADER SNEDDED TO WRITE SPEECH ON DEFENSE WHICH SNEDDEN WOULD DELIVER ON SUITABLEOCCASION. SANTAMARIA SAID HE TOLD SNEDDED THAT AUSTRALIA COULD HAVE A SIGNIFICANT DEFENSE CAPABILITY IF SNEDDED WOULD COMMIT FUTURE LIBERAL-COUNTRY COALITION TO 6.5 PERCENT OF GNP ON DEFENSE FOR FIVE YEARS OR SO. ACCORDING TO SANTAMARIA, SNEDDEN SAID HE HAD NOTHING LIKE THAT IN MIND AND WOULD SUPPORT NOT MUCH MORE THAN 3.5 PERCENT. SANTAMARIA SAID HE THEREUPON DECLINED TO WRITE SPEECH, AS DIFFERENCE BETWEEN LABOR AND LIBERAL-COUNTRY PARTIES WAS NOT REALLY SIGNIFICANT.

4. PRINCIPAL BENEFIT FOR U.S. FROM PROCUREMENT DECISION ANNOUNCED BY BARNARD APRIL 7 IS THAT U.S. FIRMS WILL BE MAIN SOURCE OF PROCUREMENT OF ITEMS ANNOUNCED, THOUGH THIS BOINT HAS BEEN BLURRED IN GOVERNMENT ANNOUNCEMENT AS MADE.

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*** Current Classification *** LIMITED OFFICIAL USE

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